

THE CURRENT ECONOMY: THE GREATEST STORY NEVER TOLD

THE ECONOMY.....

→ *Our nation has the largest economy in the world.*

- ✓ The U.S. has the largest Gross Domestic Product (GDP) in the world at over \$13 trillion. Japan occupies a distant second at only \$4.5 trillion.

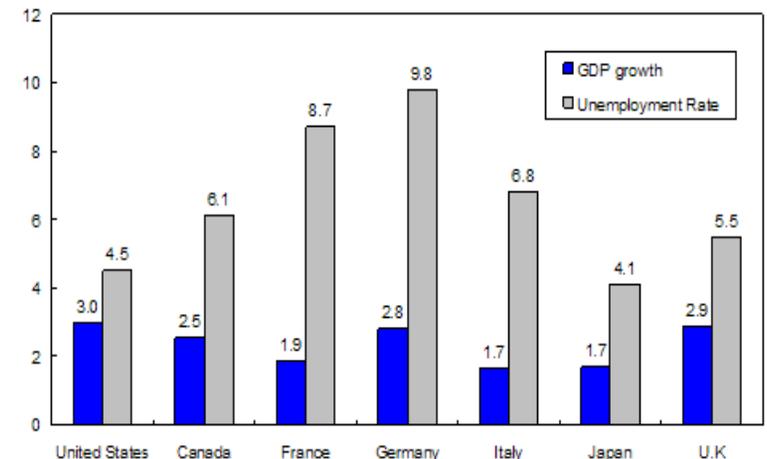
→ *Our nation's economy continues to grow at a record rate.*

- ✓ As of December 2006, the U.S. economy has grown 58 consecutive months, the highest rate of growth since World War II.
- ✓ Over the past four years, the stock market has set record highs.

→ *Our nation is a leader in new job creation.*

- ✓ Since August 2003, over 7.4 million jobs have been created – more than the European Union and Japan combined.
- ✓ Our country's unemployment rate is 4.5 percent, the second-lowest of any major industrialized country.

GDP Growth and Unemployment
Percent



Note: GDP growth rates are latest 4-quarter percent changes while unemployment rates are for latest available month. Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, and International Statistics Offices.

→ *Our economy is causing Americans to prosper.*

- ✓ Since 2001, real after-tax personal income per person has increased over \$2,800 – or nearly 10 percent.
- ✓ During 2006, real wages rose nearly 2 percent, meaning an extra \$1,030 for the typical family of four.

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YOU.....

→ ***You are the hardest workers in the world.***

✓ Americans work more hours than all workers in all other countries.

→ ***You are among the most productive workers in the world.***

✓ The U.S. has experienced the fastest increase in productivity growth among all major industrialized countries; from 2000 to 2005, U.S. productivity grew at an annual rate of 2.5 percent, compared to 1.2 percent between 1990 and 1995.

→ ***You have one of the lowest unemployment rates in the nation.***

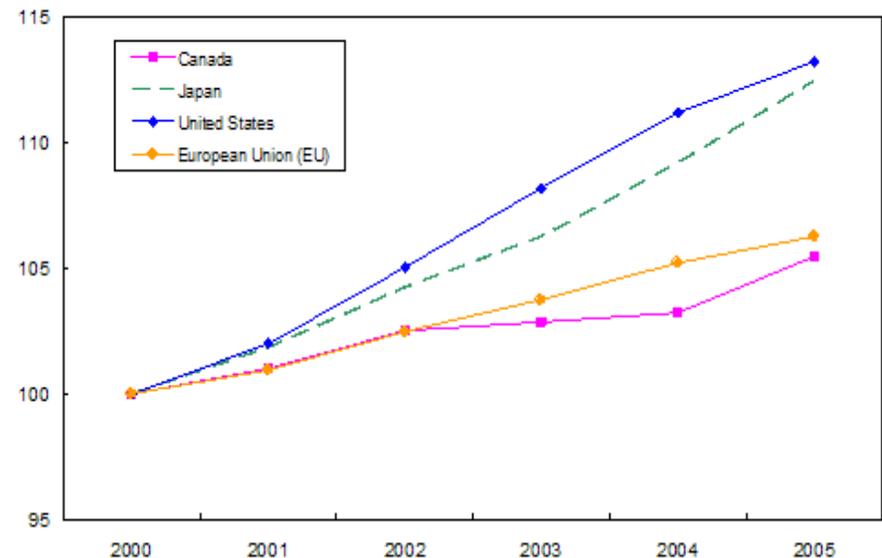
✓ Nearly 97 percent of you are employed, with Idaho's unemployment rate clocking in at 3.2 percent – one of the lowest in the nation.

→ ***A record number of you own your own home.***

✓ A record 75 million families own the home they are living in, and the homeownership rate, at 68.7 percent, is at a record high.

Economy-Wide Labor Productivity

Index (2000=100)



Source: OECD; productivity measures are GDP per hour worked.

THE FUTURE ECONOMY: OUR DECISIONS, OUR CHILDREN'S PROBLEM

→ Current economic conditions are merely the calm before the storm. If Congress doesn't act, future spending, particularly on entitlements, will cripple the economy.

THE PROBLEM: THREE DEFICITS

- 1) Short-term Deficit (Spending)
- 2) Long-term Deficit (Entitlements)
- 3) Leadership Deficit (Changing the Attitude of Congress)



THE SHORT-TERM DEFICIT: SPENDING

OUT-OF-CONTROL GOVERNMENT SPENDING THREATENS LONG-TERM ECONOMIC GROWTH AND PERFORMANCE.

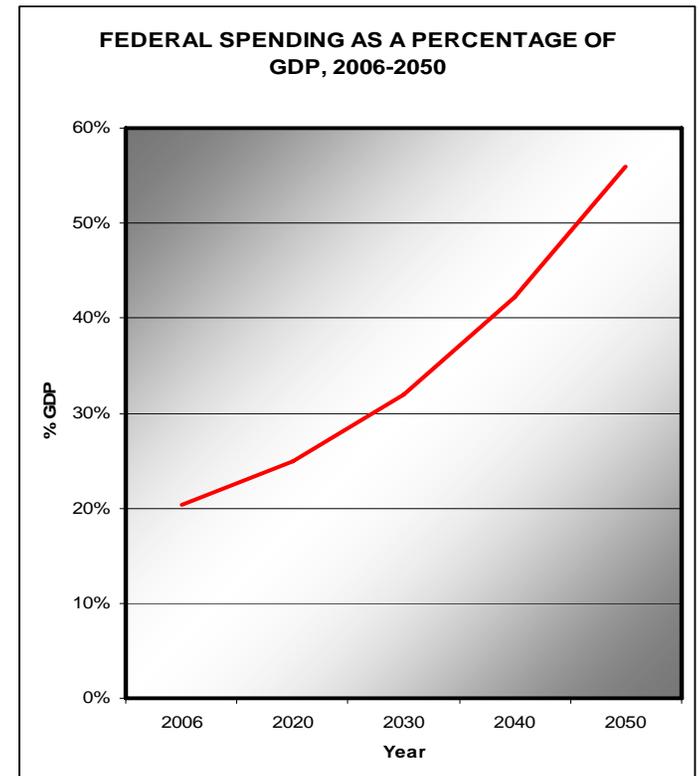
→ *Federal spending has increased by 45 percent – \$820 billion – since 2001.*

→ *In 2006, the federal government spent \$2.7 trillion, an increase of \$182 billion – or 7.4 percent – from 2005.*

→ *As a percentage of GDP, federal spending totaled 20 percent in 2006 and is projected to equal roughly 32 percent of GDP in 2030 and over 55 percent in 2050.*

→ *The federal government now spends over \$22,000 per household each year.*

→ *A 35 percent surge in revenues since 2001 has masked the explosive growth in federal spending and is largely responsible for reducing the deficit from \$319 billion in 2005 to \$248 billion in 2006.*



THE LONG-TERM DEFICIT: ENTITLEMENTS

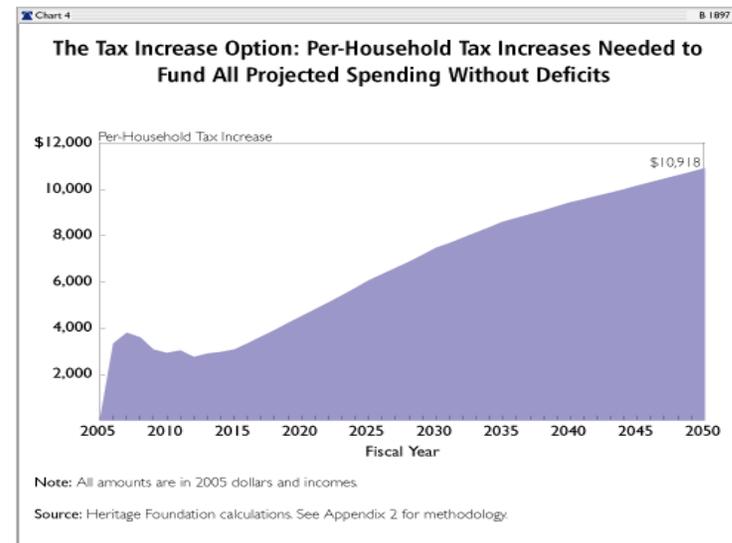
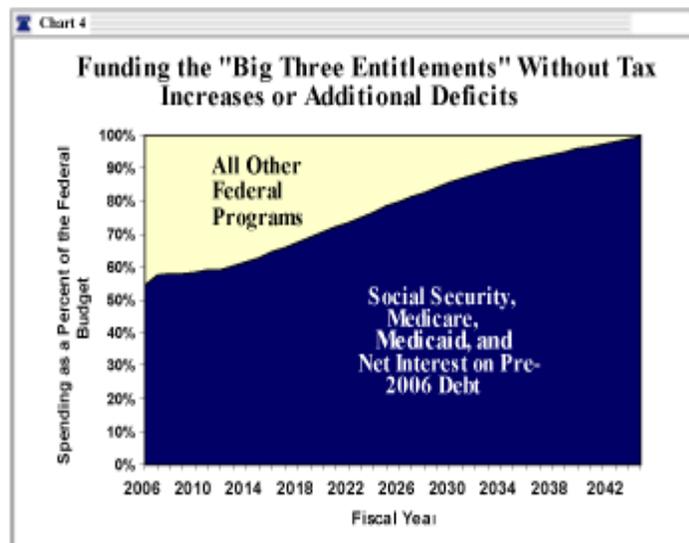
MANDATORY FEDERAL SPENDING ON SOCIAL SECURITY, MEDICAID, AND MEDICARE IS OVERWHELMING THE BUDGET.

→ In 1962, mandatory spending totaled 26 percent of all federal spending. In 2006, it accounted for 53 percent.

→ Today, spending on Social Security, Medicaid, and Medicare totals about 9 percent of GDP. By 2050, it will increase to nearly 29 percent!

→ Without a fix, Social Security will be bankrupt by 2040.

→ Unless Congress reforms entitlement programs, it will have to raise taxes every year until taxes are 60 percent (\$11,000 per household) higher than today.



CHANGING THE ATTITUDE OF CONGRESS: PUTTING FISCAL RESPONSIBILITY INTO LAW

→ THE LONG-TERM SOLUTION TO OUR CURRENT FISCAL
CRISIS

1) PERMANENT, FUNDAMENTAL REFORM

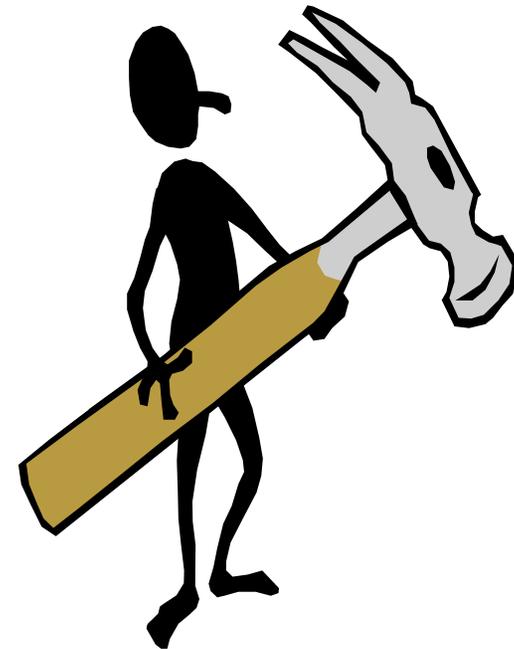
- ✓ Balance the Budget
- ✓ Cap Federal Spending
- ✓ Overhaul the Tax Code

2) TRANSPARENCY

- ✓ "Critical Needs" for Idaho
- ✓ Ethics Reform Legislation

3) ACCOUNTABILITY

- ✓ Oversight Role



PERMANENT, FUNDAMENTAL REFORM: GETTING BACK TO BLACK

TO REGAIN CONTROL OF THE FEDERAL BUDGET PROCESS, CONGRESS MUST BALANCE THE BUDGET, REIN IN FEDERAL SPENDING, AND REFORM OUR BROKEN TAX CODE.

→ ***BALANCE THE BUDGET***

- ✓ In January, I reintroduced my Balanced Budget Amendment to the Constitution to make fiscal responsibility constitutionally required – and a habit – in Washington.

→ ***REIN IN FEDERAL SPENDING***

- ✓ This Congress, I will once again cosponsor the Stop Over-Spending (S.O.S.) Act, which will cap spending, provide the President with a line-item veto to eliminate wasteful spending, and establish a commission tasked with finding solutions to the impending entitlement crisis.

→ ***REFORM OUR BROKEN TAX CODE***

- ✓ This Congress, I will once again introduce the Tax Simplification Act, which will replace the current broken system with a simple, fair flat tax. My flat tax would introduce a low rate of 17%, provide a generous exemption based on family-size, and eliminate the double-taxation of savings and investment.

TRANSPARENCY: SHINING LIGHT ON IDAHO'S CRITICAL NEEDS

EARMARK REFORM

→ *What is an "earmark"?*

- ✓ Federal funds directed at a specific project, such as wastewater system improvements, road construction, or research and development at a university.

→ *I have always maintained a completely transparent process.*

- ✓ In my office, earmarks are called "critical needs," because I won't support a project that doesn't fulfill a critical need in Idaho or the nation.
- ✓ Every "critical need" proposal I receive goes through a rigorous review process with very strict criteria. If it doesn't meet that criteria, I won't support it.
- ✓ Every "critical need" I have been able to fund is listed on my website at <http://craig.senate.gov/idinit.cfm>.

→ *Now, Congress is putting reforms in place to increase transparency.*

- ✓ Members of Congress must publicly put their name on every project they propose.
- ✓ Members of Congress must explain the essential government purpose of every project.
- ✓ A list of every "critical need" project in a bill must be available for public review at least 48 hours before Congress considers the bill.

ACCOUNTABILITY: OVERSIGHT ROLE ON THE APPROPRIATIONS COMMITTEE

→ *Member of the Appropriations Committee, Ranking Republican Member of the Interior Appropriations Subcommittee*

- ✓ I have an opportunity to use my oversight responsibilities to be a part of the solution.

→ *My Oversight Responsibilities include:*

- ✓ Conducting and participating in budget hearings for various departments and agencies
- ✓ Analyzing department and agency expenditures to ensure resources are being used efficiently and effectively
- ✓ Identifying which programs are performing well and which ones are not
- ✓ Helping to write annual appropriations bills
- ✓ Identifying "critical needs" projects in Idaho and the nation

→ *As your elected representative, I have the opportunity to be an advocate for you in Washington, DC.*

CRITICAL NEEDS MET IN BOISE REGION

- *Gowen Field Training Area Railhead*
- *Mountain Home Base Operations Facility*
- *Family Housing at Mountain Home Air Force Base*
- *Boise Airport Control Tower Construction*
- *Research and Curriculum Development at Boise State University*
- *St. Luke's Children's Hospital Construction and Equipment*

CRITICAL NEEDS MET IN TWIN FALLS REGION

- *City of Castleford Water Infrastructure Improvements*
- *Auger Falls Wastewater Treatment Project*
- *City of Rocks Back Country Byway*
- *College of Southern Idaho Student Safety Initiative*
- *Curriculum Development at CSI*
- *I-84/US-93 Interchange Construction*

CRITICAL NEEDS MET IN POCATELLO REGION

- *South Valley Connector Construction*
- *Research at Idaho State University*
- *Establish a Master's Degree in Dental Hygiene Program at ISU*
- *Pocatello Water Infrastructure Improvements*
- *Acquisition of an X-Ray Machine at Bear Lake Memorial*

MY RECORD

- ✓ **Sponsor, S.J. Res. 1, the Balanced Budget Amendment to the Constitution**
- ✓ **Cosponsor, Tax Simplification Act**
 - Replaces the current broken tax system with a flat tax, and repeals the death, alternative minimum, gift, and generation-skipping taxes.
- ✓ **Cosponsor, Stop Over-Spending (S.O.S.) Act**
 - Caps spending, provides the President with a line-item veto to eliminate wasteful spending, and reins in entitlement spending.
- ✓ **Cosponsor, The Social Security and Medicare Solvency Commission Act**
 - Establishes a National Commission on Entitlement Solvency
- ✓ **Cosponsor, Second Look at Government Spending (Line-Item Veto)**
- ✓ **Cosponsored and Voted for Repeal of the Death Tax**
- ✓ **Voted for the Tax Relief and Health Care Act of 2006** (signed into law 12/06)
 - Provided \$45 billion in tax relief.
- ✓ **Voted for the Federal Funding Accountability and Transparency Act** (signed into law 9/06)
 - Requires disclosure of all entities/organizations receiving federal funds.
- ✓ **Voted for the Deficit Reduction Act** (signed into law in 2006)
 - Cut federal spending by \$40 billion.